

Natural Resources Commission

Policy Committee on Finance and Administration

March 6, 2008



Monthly Spend Plan Report

Projected Revenues Report

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Note: The projections contained in this packet are estimates as of a point in time and will change throughout Fiscal Year 2008.

EXPLANATION OF FISCAL YEAR 2008 BUDGET AND SPEND PLAN REPORT

The report summarizes the DNR's appropriations and plans for spending for Fiscal Year 2007-2008 (October 1, 2007 through September 30, 2008). An explanation of the columns of the report follows:

Column A	The amounts appropriated for Fiscal Year 2008 operations.
Column B	All adjustments to the appropriated amounts such as legislative transfers, supplemental appropriations, Executive Orders, or excess budgetary authority where revenues are not expected to meet the appropriated amounts.
Column C	Sums the first two columns and represents the amount available to spend.
Columns D and E	The divisions' initial plans for spending and revisions, respectively. As funds are incorporated into these plans, column E will be adjusted monthly to reflect those changes.
Column F	The divisions' current plans for spending.
Column G	Amounts which have not yet been allocated to a specific plan for spending, or revenues that are being retained for future funding challenges. These amounts may or may not lapse at year-end.
Column H	Year-to-date expenditures that provide a measurement of progress, with respect to the current plans for spending.

DEPARTMENT OF NATURAL RESOURCES
FISCAL YEAR 2008 BUDGET AND SPEND PLAN REPORT
FOR MONTH ENDING: FEBRUARY
(Thousands of Dollars)

	A Appropriation PA 122 of 2007	B Adjustments ¹	C (A+B) Available to Spend	D Initial Spend Plan	E Revisions to Spend Plan ²	F (D+E) Current Spend Plan	G (C-F) Estimated Remaining ²	H Year to Date Expends thru January
Budget	1,034.6	(19.9)	1,014.7	955.7	(3.0)	952.7	62.0	293.3
Building Occupancy (Rent)	3,200.7		3,200.7	3,200.7		3,200.7	0.0	921.6
Communications	3,378.2		3,378.2	3,378.2	(0.4)	3,377.8	0.4	786.5
Executive	2,607.3		2,607.3	2,628.4	(16.0)	2,612.4	(5.1)	718.5
Financial Services	2,560.9		2,560.9	2,323.4	(0.4)	2,323.0	237.9	625.1
Fisheries	29,664.9	(740.0)	28,924.9	28,768.1	94.9	28,863.0	61.9	8,161.6
Forest Min & Fire Mgmt	38,637.0	(1,857.8)	36,779.2	36,247.6	98.0	36,345.6	433.6	10,558.2
Grants	34,636.9	(7,398.6)	27,238.3	27,178.4	59.9	27,238.3	0.0	8,131.3
Grants Mgmt	1,356.0	(121.7)	1,234.3	1,197.9	0.4	1,198.3	36.0	275.8
HR Call Center	163.0		163.0	163.0		163.0	0.0	163.0
Human Resources	2,137.7		2,137.7	2,137.7		2,137.7	0.0	569.7
Information Tech	8,901.7	(25.0)	8,876.7	8,901.7	(25.0)	8,876.7	0.0	737.9
Internal Audit	867.0		867.0	756.7	16.0	772.7	94.3	241.6
Land and Facilities	20,310.6	(2,682.0)	17,628.6	17,350.9	(271.1)	17,079.8	548.8	3,992.0
Law Enforcement	32,042.6	(893.1)	31,149.5	28,629.5	1,449.6	30,079.1	1,070.4	7,570.2
Parks and Recreation	63,057.5	(119.8)	62,937.7	60,089.1		60,089.1	2,848.6	12,589.5
Pmt in Lieu of Taxes	14,184.1		14,184.1	14,176.2		14,176.2	7.9	9,726.2
Wildlife	29,454.7	(353.4)	29,101.3	28,724.5	(14.8)	28,709.7	391.6	7,373.9
Total	288,195.4	(14,211.3)	273,984.1	266,807.7	1,388.1	268,195.8	5,788.3	73,435.9

¹Column B adjustments are detailed on page 3. ² Significant column E revisions to spend plan and column G estimated remaining are detailed on page 4.

**DEPARTMENT OF NATURAL RESOURCES
NOTES FOR BUDGET ADJUSTMENTS
FOR MONTH ENDING: FEBRUARY
(Thousands of Dollars)**

	<u>Adjustments</u>	
Budget	(19.9)	Federal Dingell Johnson \$17.8, Federal Pittman Robertson \$2.1
Fisheries	(740.0)	Federal Environmental Protection Agency (EPA) \$165.0, Fisheries Settlement \$105.5, Federal Dept of Agriculture \$9.3, Federal Dept of Interior State Wildlife Grant \$331.7, Private \$116.3, Federal Dept of Energy \$1.0, Federal Dept of Commerce \$11.2
Forest Min & Fire Mgmt	(1,857.8)	US Forest Service \$850.4, Federal Dept of Interior \$2.0, Federal EPA \$1.0, Forest Recreation Fund \$150.0, Private \$823.3, Signshop \$30.0, Game and Fish \$1.1
Grants	(7,398.6)	Federal Land and Water Conservation Fund \$1,700.0, Marine Safety Fund \$480.0, Federal Homeland Security Coast Guard \$433.5, Federal Dept of Agriculture Urban Forestry \$3,550.0, Federal Dept of Agriculture Forest Stewardship \$175.0, Private \$50.0, Federal Pass-Through Oil/Gas/Timber \$1,010.1
Grants Management	(121.7)	Federal Land and Water Conservation Fund \$121.7
Information Technology	(25.0)	Michigan Civilian Conservation Corps \$25.0
Land and Facilities	(2,682.0)	Land Exchange Facilitation Fund \$1,848.2, Engineering charges \$312.2, Land transactions charges \$317.0, MacMullan Center \$204.6
Law Enforcement	(893.1)	Federal Homeland Security Coast Guard \$875.0, Federal Thunder Bay Underwater Preserve \$18.1
Parks and Recreation	(119.8)	Federal EPA \$119.8
Wildlife	(353.4)	Sportsmen Against Hunger \$207.0, Private \$114.4, Federal Chronic Wasting Disease \$31.0, Federal EPA \$1.0
Total	<u><u>(14,211.3)</u></u>	

DEPARTMENT OF NATURAL RESOURCES
NOTES FOR SIGNIFICANT SPEND PLAN REVISIONS AND ESTIMATED REMAINING
FOR MONTH ENDING: FEBRUARY
(Thousands of Dollars)

Spend Plan
Revisions

Fisheries	94.9	Updated hire date for vacant positions, Viral Hemorrhagic Septicemia (VHS) grant costs allocated, updates in pay and insurance, changes in Communications spending
Forest Min & Fire Mgmt	98.0	Updated hire date for vacant positions, employee medical leave, additional hours for part time employee, Pere Marquette trestle renovation
Land and Facilities	(271.1)	Adjustments for funding in other line items
Law Enforcement	1,449.6	Increase due to transfers to other divisions (\$175.0 Communications, \$200.0 FMFM); Wildlife Resource Protection \$183.4; retirements, step increases, overtime and other payroll adj \$289.5, MSU shooting range \$400.0, Bay City building renovations \$65.0, added Conservation Officer patrols \$210.3, less equipment expenditures (\$73.6)

Estimated
Remaining

Financial Services	237.9	Vacancy savings
Forest Min & Fire Mgmt	433.6	Primarily Natural Resources Trust Fund and Snowmobile Trail funds. Additional expenditures, dependent on program activity, may occur that could reduce the estimated remaining amount.
Land and Facilities	548.8	Primarily Land Exchange Facilitation Fund and MacMullan Conference Center funds that may need to be spent, depending on the availability of land for purchases and the number of bookings
Law Enforcement	1,070.4	Game and Fish Protection Fund of \$670.4 due to vacant conservation officer positions and \$400.0 of Wildlife Resource Protection Fund that will not be spent to keep the fund solvent
Parks and Recreation	2,846.6	\$2,848.6 will not be spent to keep the Park Improvement Fund solvent through Fiscal Year 2009
Wildlife	391.6	Primarily planned lapses in the Game and Fish - Deer Range Improvement Program - \$204.1 and Game and Fish - Turkey - \$138.8 subfunds

EXPLANATION OF FISCAL YEAR 2008 PROJECTED REVENUES REPORT

This report provides beginning available fund balances, projected revenues and spend plan information. It does **not** project ending available fund balances because capital outlay appropriations and funds carried forward from prior years (such as contracts that still had funding remaining) are not included. This report will be updated quarterly. This report complements the monthly Fiscal Year 2008 Budget and Spend Plan report (<http://www.michigan.gov/dnrbudget>).

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|----------|---|
| Column A | The beginning available restricted fund balances as of October 1, 2007. These amounts will not change during the year. |
| Column B | Revenues that are projected for FY 2008. This column will be updated periodically. Normally, these numbers do not change very much during the year. The exception is the Forest Development Fund, which is reviewed quarterly due to ever-changing market conditions. |
| Column C | Revenues received and receipted into the state's accounting system at the end of each quarter. This report includes revenues through the end of January 2008. This column will be updated quarterly. Throughout the year, there will be funds that appear to be lagging behind the revenue projection, such as the Game and Fish Protection Fund, because the transfer from the Game and Fish Trust Fund will not occur until year end. |
| Column D | The amounts appropriated for FY 2008 by fund for operations. This column will not change, and it equals column A in the Budget and Spend Plan Report (see above for link). |
| Column E | All Executive Orders, supplementals, transfers, and any revenues that will not be earned during the fiscal year. This column will be updated quarterly for any changes. This column equals column B in the Budget and Spend Plan Report (see above for link). |
| Column F | The amount available for the divisions to spend. This is the sum of columns D and E and will update automatically. It is equal to Column C of the Budget and Spend Plan Report (see above for link). |
| Column G | The amount divisions are planning to spend. This column equals column F in the Budget and Spend Plan Report (see above for link). |
| Column H | The amounts that have not yet been allocated to a specific plan for spending, or revenues that are being retained for future funding challenges. These amounts may or may not lapse at year-end. |

DEPARTMENT OF NATURAL RESOURCES
FY 2008 PROJECTED REVENUES AS OF FEBRUARY
(Thousands of Dollars)

	A	B	C	D	E	F(D+E)	G	H(F-G)
	Beg. Avail. Fund Bal. as of 10/1/2007	Projected Annual Revenues	Year to Date Revenues through Jan.	Appropriation PA 122 of 2007	Adjustments	Available to Spend	Current Spend Plan	Estimated Remaining
<u>Federal Funds</u>								
Dept. of Agriculture			0.0	11,044.0	(4,615.7)	6,428.3	6,428.3	
Dept. of Ag-Nat'l Forest			2,289.9	3,300.0	(1,010.1)	2,289.9	2,289.9	
Dept. of Commerce			0.0	71.4	(29.3)	42.1	42.1	
Dept. of Energy			0.0	1.0	(1.0)	0.0	0.0	
Dept. of Homeland Security			0.0	5,905.6	(1,310.5)	4,595.1	4,595.1	
Dept. of Transportation-Trails			0.0	2,100.0		2,100.0	2,100.0	
Environmental Protection Agency			0.0	286.8	(286.8)	0.0	0.0	
<u>Dept. of Interior</u>								
Fish and Wildlife Service - Fish Restoration			1,747.7	9,137.8	(17.8)	9,120.0	9,120.0	
Fish and Wildlife Service - Wildlife Restoration			14.6	12,542.5	(333.8)	12,208.7	12,208.7	
National Park Service			0.0	2,738.6	(1,821.7)	916.9	916.9	
Oil & Gas Royalty			357.2	150.0		150.0	150.0	
Pittman Robertson-Acquired Lands			306.8	500.0		500.0	500.0	
Shooting Ranges			66.4	189.2		189.2	189.2	
US Geological Survey			0.0	2.0		2.0	2.0	
<u>Restricted Funds</u>								
IDG (Interdepartmental Grants) - Engineering	0.0	1,660.0	21.3	1,972.1	(312.2)	1,659.9	1,659.9	
IDG-Land Acquisitions	0.0	100.0	0.0	417.0	(317.0)	100.0	100.0	
IDG-MacMullan Conference Center	106.0	1,100.0	187.7	1,419.2	(204.6)	1,214.6	1,100.2	114.4
Private (donations, gifts, etc)	842.0	2,000.0	191.2	3,166.5	(1,104.0)	2,062.5	2,062.5	
Air Photo-Geographic Information Systems	25.4	1.5	0.0	26.3		26.3	26.3	
Cervid License Fees	0.0	200.0	42.4	165.0		165.0	195.7	(30.7)
Commercial Forest	106.6	37.0	9.6	48.5		48.5	48.5	
Forest Development	4,577.9	26,100.0	10,645.4	27,316.8		27,316.8	27,415.6	(98.8)
Forest Land Use	480.8	400.0	294.5	563.4		563.4	563.4	
Forest Recreation	7.2	1,300.0	92.7	1,459.0	(150.0)	1,309.0	1,229.0	80.0
Game & Fish Protection Fund-General Purpose	10,134.4	60,000.0	13,537.1	66,797.6	(1.1)	66,796.5	65,938.9	857.6
Game & Fish - Deer Range	2,356.9	2,300.0	1,253.2	3,039.9		3,039.9	2,835.8	204.1
Game & Fish - Fisheries Settlement	1,610.6	500.0	12.4	905.5	(105.5)	800.0	800.0	
Game & Fish - Turkey	1,666.6	1,600.0	230.1	1,837.7		1,837.7	1,698.9	138.8
Game & Fish - Waterfowl	104.8	300.0	93.4	108.9		108.9	108.9	
Game & Fish - Wildlife Res. Prot.	552.6	1,100.0	349.9	1,653.6		1,653.6	1,253.6	400.0

	A	B	C	D	E	F(D+E)	G	H(F-G)
	Beg. Avail. Fund Bal. as of 10/1/2007	Projected Annual Revenues	Year to Date Revenues through Jan.	Appropriation PA 122 of 2007	Adjustments	Available to Spend	Current Spend Plan	Estimated Remaining
Game & Fish - Youth Hunt & Educ.	87.5	40.0	9.2	28.4		28.4	28.4	
Harbor Development	0.0	3,600.0	76.9	299.4		299.4	299.4	
Land Exchange Facilitation Fund	389.2	4,000.0	3,445.6	6,166.4	(1,848.2)	4,318.2	3,883.8	434.4
Marine Safety	669.5	5,300.0	114.4	4,771.7	(480.0)	4,291.7	4,291.7	
MI Civilian Cons Corps Endowment	346.5	0.0	12.5	525.0	(25.0)	500.0	500.0	
MI Natural Resources Trust Fund	32,027.6	60,100.0	19,594.9	3,065.2		3,065.2	2,899.9	165.3
Nongame Endowment	374.1	600.0	95.7	704.8		704.8	688.7	16.1
Off-Road Vehicle Safety Fund	294.4	200.0	18.4	217.3		217.3	217.3	
Off-Road Vehicle Trail	3,652.1	3,300.0	390.5	4,701.6		4,701.6	4,702.0	(0.4)
Park Endowment	9,832.6	17,000.0	7,432.8	13,816.6		13,816.6	13,726.8	89.8
Park Improvement	4,481.9	40,000.0	9,227.6	41,367.5		41,367.5	38,412.6	2,954.9
Recreation Improvement Fund	476.8	1,000.0	197.7	1,476.5		1,476.5	1,476.5	
Snowmobile Registration	679.5	1,400.0	719.1	2,273.4		2,273.4	2,273.4	
Snowmobile Trail Improvement	4,314.3	7,300.0	2,898.1	10,030.1		10,030.1	9,583.7	446.4
Waterways	3,251.6	20,800.0	3,396.1	16,504.1		16,504.1	16,495.6	8.5
<u>Revenues not projected*</u>								
Aircraft	1,136.4		6.9	257.3		257.3	257.3	
Clean Michigan Initiative	1,649.7		23.7	57.6		57.6	57.6	
Sign Shop Fees	18.8		0.0	65.9	(30.0)	35.9	35.9	
Publications	107.3		0.0	0.5		0.5	0.5	
Sportsmen Against Hunger	47.8		5.5	257.0	(207.0)	50.0	50.0	
General Fund	N/A		N/A	22,743.2		22,743.2	22,735.3	7.9
Total				288,195.4	(14,211.3)	273,984.1	268,195.8	5,788.3

*In some instances, revenues are not projected due to the limited amount of annual revenue that is generated, such as the Sign Shop Fees, or the General Fund, due to its statewide nature.

Description of Restricted Funds

Air Photo and Geographic Information System Fund

This fund was created to combine the former Air Photo Fees and Geographic Information Systems Fund as authorized in 1994, PA 451, as amended, Parts 5 and 609. Revenue is generated through the sale of statewide aerial photos, and through fees that are based on the costs associated with operating the Geographic Information System.

Commercial Forest Fund

This fund was established by 1994 PA 451, as amended, Part 511. Revenue for this fund is derived from the following sources: 1) application fees and forest management fees for commercial forests. The application fee is \$1.00 per acre or a fraction of an acre, not to exceed \$1,000.00; 2) withdrawal application fees in the amount of \$1.00 per acre with a minimum fee of \$200.00 per application and a maximum fee of \$1,000.00 per application; 3) fees for violations of Part 511 equal to the withdrawal application fees; 4) \$0.10 for each acre of enrolled land to be appropriated each fiscal year from the General Fund; and 5) any restitution ordered by a court for a violation of Part 511. The state Treasurer may also receive money or other assets from any source for deposit into the fund.

Money from the fund is expended for the enforcement, administration, and monitoring of compliance with Parts 511 and 512 and rules promulgated under Part 511.

Forest Development Fund

This fund was established by 1994 PA 451, as amended, Part 505. The Act repealed Section 1 of 1945 PA 268 (Forest Management Fund) and transferred the remaining balance to this fund. In addition, it created the Michigan Forest Finance Authority. The Authority may issue bonds up to \$20 million to finance forest management operations and practices that are consistent with Department objectives. The Authority may also acquire standing timber, timber cutting rights, and the state's interest in contracts granting cutting rights, on state tax reverted lands and on other lands in the state forest system. The revenues generated from the sale of bonds and timber products are to be used for payment of interest or principal on outstanding bonds. The remaining revenue funds forest management programs in a manner prescribed by the Department. This revenue is a major funding source for the Forest, Mineral, and Fire Management Division.

Forest Land User Fund

Part 5 of 1994 PA 451 authorized the Natural Resources Commission to "establish and collect fees for the processing of applications for the use of state forests that require extensive review." The fees are collected for easement applications, land exchange applications, nonmetallic mineral extraction agreements, seismic surveys, special use, and general use. The revenues fund the review functions in the Forest, Mineral, and Fire Management and Land and Facilities Divisions.

Forest Recreation Fund

This fund, established by 1994 PA 451, as amended, Part 831, authorizes the Department to set forest camping fees and grant concessions within the boundaries of state forests. The Forest Recreation Fund became an account under Article IX, Sec. 40 of the Constitutional Conservation and Recreation Legacy Fund with the passage of Proposal 06-01 and Part 20 of 2004 PA 587. The current state forest campgrounds fees are as follows: \$15 daily rate; \$6 group rate; \$20 semi-modern, equestrian and ORV rates; and \$65.00 for camping cabins located within various state forests.

Game and Fish Protection Fund

This fund was established by 1994 PA 451, as amended, Part 435. The Game and Fish Fund and its sub-funds became accounts under Article IX, Sec. 40 of the Constitutional Conservation and Recreation Legacy Fund with the passage of Proposal 06-01 and Part 20 of 2004 PA 587. This fund is financed principally by the sale of hunting and fishing licenses. The fees are set by the Legislature. The interest and earnings, plus \$6 million from the Game and Fish Protection Trust Fund as provided in 2001 PA 50, are transferred annually to this fund for use. The fund is intended to provide financial support for statewide hunting and fishing programs. Management, research, enforcement of fishing and hunting laws, and acquisition of lands to be used for hunting and fishing purposes are examples of uses of this fund.

Game and Fish Protection Fund - Deer Habitat

This fund was established by 1994 PA 451, as amended, Part 435. Funding of the Deer Range Improvement Program (DRIP) is generated by earmarking \$1.50 of each deer hunter's license fee. Funds are used for improving and maintaining habitat for deer and for the acquisition of lands for an effective deer habitat management program.

Game and Fish Protection Fund – Fisheries Settlement

This fund was established as a result of a Consumers Power Company settlement with the State of Michigan and the United States government that will run through the year 2035. The fund now includes all mitigation dollars that come to Fisheries Division related to the settlement of violations of permits, etc. Settlement funds are earmarked and subsequently used for habitat mitigation work in the area or watershed where the violation occurred.

Game and Fish Protection Fund - Turkey Permit

This fund was established by 1994 PA 451, as amended, Part 435. This fund is supported by the revenue generated from the sale of licenses to hunt wild turkey. A portion of the fee collected is to be used for wild turkey scientific research, biological survey work on wild turkeys, and overall wild turkey management in this state.

Game and Fish Protection Fund - Waterfowl Licenses and Fees

This fund was established by 1994 PA 451, as amended, Part 435. The source of revenue is the daily and seasonal hunting permits issued for state-managed waterfowl areas and from the sale of waterfowl hunting licenses. Funds are used to acquire, operate, maintain, and develop managed waterfowl areas.

Game and Fish Protection Fund - Wildlife Resource Protection Fund

This fund was established by 1994 PA 451, as amended, Part 435. The fund receives \$0.35 from each hunting and fishing license sold. The funds are to be used to investigate poaching, to inform the public about the harm of poaching, and to offer rewards leading to the arrest and prosecution of poachers. This program is publicly identified as RAP (Report All Poaching).

Game and Fish Protection Fund - Youth Hunting and Fishing Education/Outreach Fund

This fund was established by 1994 PA 451, as amended, Part 435. Revenue is generated from the sale of small game licenses (\$1.00) and voluntary all-species fishing licenses (\$2.00) to youth, ages 12 through 16. The fees collected are to be used for hunting and fishing education and outreach programs for youth through 16 years of age.

Game and Fish Protection Trust Fund

This fund was established by 1994 PA 451, as amended, Part 437. The Game and Fish Protection Trust Fund gained Constitutional protection under Article IX, Sec. 41 with the passage of Proposal 06-01 and Part 20 of 2004 PA 587. The source of revenue for this fund consists of gifts, grants, and bequests; plus rentals, bonuses, royalties, etc. from the removal of minerals, coal, oil, gas,

timber or other resources from state-owned land acquired with Game and Fish Protection Fund monies. The interest and earnings plus \$6 million, as authorized in 2001 PA 50 from this Trust Fund, are deposited annually in the Game and Fish Protection Fund for expenditure.

Harbor Development Fund

This fund was established by 1994 PA 451, as amended, Part 781. The fund became part of the Waterways Account under Article IX, Sec. 40 of the Constitutional Conservation and Recreation Legacy Fund with the passage of Proposal 06-01 and Part 20 of 2004 PA 587. Part 801 of 1994 PA 451, as amended, stipulates that 33.5% of watercraft registration fees in the Waterways Account shall be used to implement Part 791, which pertains to harbor development. The funds are used to acquire land, construct non-revenue-producing facilities, enter into long-term leases with private enterprise for the subsequent construction of revenue-producing harbor facilities, and operation of marinas.

Land Exchange Facilitation Fund

This fund was established by 1994 PA 451, as amended, Part 21. The Natural Resources Commission designates surplus lands and may authorize the Department to sell those lands at a price not less than their fair market value as determined by an appraisal. The proceeds from the sale of surplus land are deposited into the fund and used to purchase land recommended by the Department and authorized by the Michigan Natural Resources Trust Fund Board, for natural resources management, administration, and public recreation.

MacMullan Conference Center

In 1971, the Ralph A. MacMullan Conference Center was placed on a self-sustaining basis by the Legislature. It functions with a revolving account that receives all fees or other revenues generated from the Center's operation. This fund was established by 1994 PA 451, as amended, Part 5. Built in 1941, the Center is under the administration of Land and Facilities. It is the main training facility for Department employees and is used extensively by other state departments and educational institutions. The account receives all fees or revenues generated by the Center, and the funds are used for operation and maintenance.

Marine Safety Fund

This fund was established by 1994 PA 451, as amended, Part 801. The fund became part of the Waterways Account under Article IX, Sec. 40 of the Constitutional Conservation and Recreation Legacy Fund with the passage of Proposal 06-01 and Part 20 of 2004 PA 587. The fund is financed by 49% of watercraft registration fees. Prior to January 1, 1989, the fund received 75% and then 60% of watercraft registration fees. The change to 49% was made to provide funding for the Harbor Development Fund. The funds provide boating safety education programs and law enforcement for the operation of watercraft on the waters of this state.

Michigan Civilian Conservation Corps Endowment Fund

This fund was established by 1994 PA 394. Public Act 431 of 1994, as amended, designated \$20 million of the proceeds from the sale of the Accident Fund as a permanent corpus. This corpus was invested, and only the interest and earnings of the fund were available for appropriation for the operation of the Corps. To balance the State's Fiscal Year 2007 budget, the \$20 million corpus was transferred to the General Fund by 2007 PA 147. The fund will be entirely depleted during Fiscal Year 2008

Natural Resources Trust Fund

This fund was established in Article IX, Section 35 of the Constitution and in 1994 PA 451, as amended, Part 19. Its purpose is to provide a source of funds to state and local units of government for acquisition of public recreational land and development of outdoor, public

recreational facilities. Funds are accrued from the sale of, and royalties from, oil, gas, and mineral leases and extractions on state lands.

This fund was originally the Kammer Recreational Land Acquisition Trust Fund. Public Act 204 of 1976 created the Michigan Land Trust Fund (MLTF) to provide a source of funding for the public acquisition of lands for resource protection and public outdoor recreation. Funding for the MLTF was derived from royalties on the sale and lease of state-owned mineral rights.

On November 6, 1984, Michigan residents approved "Proposal B", which amended the state Constitution and created the Natural Resources Trust Fund (NRTF). The constitutional amendment required that oil, gas, and other mineral lease and royalty payments be placed into the NRTF, with proceeds used to both acquire and develop public recreation lands. To implement the constitutional amendment, the Legislature passed the Michigan Natural Resources Trust Fund Act on October 1, 1985 (101 P.A. 1985), which officially replaced the MLTF. Act 101 stipulated that, in any one fiscal year, up to one-third of all mineral lease revenues, plus the interest and earnings of the NRTF, could be used to both purchase land for resource protection and public outdoor recreation as well as develop outdoor recreation facilities.

Public Act 101 of 1985 also specified that not less than 25 percent of the total expenditures from the NRTF in any fiscal year be expended for land acquisition and rights in land, and not more than 25 percent of the total expenditures from the NRTF in any fiscal year be expended for development of public recreation facilities. In addition, Act 101 authorized the use of the NRTF to make annual payments in lieu of taxes (PILT) to local units of government when the state acquires property with NRTF assistance.

On November 8, 1994, Michigan voters approved "Proposal P", which amended the state Constitution. The 1994 amendment reversed a previous constitutional provision, which allowed a portion of royalty revenues to go to the Michigan Strategic Fund. Also, Proposal P established the State Parks Endowment Fund for the operation, maintenance and capital improvements at Michigan's state parks. With the passage of Proposal P, the following changes in the NRTF also became effective:

- Accumulated principal limit of the NRTF was increased to \$400 million, exclusive of interest and earnings and amounts authorized for expenditure.
- Until the NRTF reaches a principal of \$200 million, not more than one-third of the mineral revenues, plus interest and earnings, may be used for the acquisition and development of recreational lands. After the NRTF principal reaches \$200 million, only the interest and earnings of the NRTF may be spent on the acquisition and development of recreational lands.
- Until the NRTF principal reaches \$400 million, \$10 million or 50 percent (whichever is the lesser amount) of the mineral revenues is deposited annually into the State Parks Endowment Fund.
- When the principal of the NRTF reaches \$400 million, all mineral revenues will be deposited into the State Parks Endowment Fund until it reaches an accumulated principal of \$800 million.

On August 6, 2002, voters approved Proposal 2, which raised the NRTF cap from \$400 million to \$500 million and removed the \$200 million cap so that one-third of the mineral revenues, plus interest and earnings, may be used for the acquisition and development of recreational lands until the fund reaches the \$500 million cap.

Nongame Fish and Wildlife Trust Fund

This fund was established by 1994 PA 451, as amended, Part 439. The Nongame Wildlife Trust Fund gained Constitutional protection under Article IX, Sec. 42 with the passage of Proposal 06-01 and Part 20 of 2004 PA 587. The Nongame Fish and Wildlife Trust Fund received contributions from the check-off on state income tax forms. At least 20% of the revenue was deposited into the Trust until it reached \$6 million. In 2000 PA 291, the Trust was fully funded, eliminating the income tax check-off. Revenues are currently generated from the sale of specialty license plates, interest, and earnings. The fund is used solely for the research and management of nongame fish and wildlife and designated endangered animal and plant species. Nongame fish and wildlife are defined as those unconfined and not ordinarily taken for sport, fur, or food. It may also include game species when located in protected areas.

ORV Safety Education Fund

This fund was established by 1994 PA 451, as amended, Part 811. The Safety Education Fund became an account under Article IX, Sec. 40 of the Constitutional Conservation and Recreation Legacy Fund with the passage of Proposal 06-01 and Part 20 of 2004 PA 587. From each ORV license fee, \$1.00 is deposited into this fund. Funds are used for an ORV safety education course for youth under 16 years of age. This revenue and program were administered by the Department of Education until Fiscal Year 2004 when 2003 PA 111 transferred the revenue and program to the Department.

Off-Road Vehicle (ORV) Trail Improvement Fund

This fund was established by 1994 PA 451, as amended, Part 811. The ORV Trail Improvement Fund became an account under Article IX, Sec. 40 of the Constitutional Conservation and Recreation Legacy Fund with the passage of Proposal 06-01 and Part 20 of 2004 PA 587. Since April 1, 1996, the license fee has been \$16.25. For every license sold, \$0.25 is retained by the dealer as a commission for services rendered. The Department may accept gifts, grants, or bequests for the purposes of the fund. The funds must be used for projects that are open to the public.

The funds may be used only for signing, improvement, maintenance, and construction of ORV trails; leasing of land; acquisition of easements, permits, or other agreements for the use of land for ORV trails; and for the restoration of natural resources that are damaged due to ORV use.

Parks Endowment Fund

This fund was established by 1994 PA 451, as amended, Part 741, and in Article IX, Section 35a of the Constitution with passage of ballot Proposal P in November 1994. The fund may receive money from any source.

Until the NRTF principal reaches \$500 million, exclusive of interest and earnings and amounts authorized for expenditure, either \$10 million or 50%, whichever is the lesser amount, of the mineral revenues shall be deposited annually into the fund.

When the principal of the NRTF reaches \$500 million, all mineral revenues will be deposited into the fund until it reaches an accumulated principal of \$800 million. The accumulated principal limit will be annually adjusted for the rate of inflation, beginning when it reaches \$800 million.

Until the fund reaches an accumulated principal of \$800 million, not more than 50% of the money received from the NRTF, plus interest and earnings and any private contributions or other revenue to the fund, shall be appropriated by the Legislature. Money available for expenditure shall be expended for operations, maintenance, and capital improvements at state parks and for the acquisition of land or rights in land for state parks. Once the accumulated principal has reached

\$800 million, only the interest and earnings in excess of the amount necessary to maintain the fund's accumulated principal limit shall be available for expenditure.

Park Improvement Fund

This fund was established by 1994 PA 451, as amended. The State Park Improvement Fund became an account under Article IX, Sec. 40 of the Constitutional Conservation and Recreation Legacy Fund with the passage of Proposal 06-01 and Part 20 of 2004 PA 587. The fund receives all revenues derived from, but not limited to, motor vehicle permits, concession fees, leases, camping fees, donations, and gifts. The camping fee structure is established by and concession leases are approved by the Natural Resources Commission. The current overnight camping fee structure is based on the campground amenities and the popularity of the state park in which they are located. The fees range from \$10.00 to \$33.00.

The fund is authorized to issue up to \$100 million in revenue bonds to be sold for parkland acquisition and development. Revenue to make principal and interest payments for bonds and its interest is generated from the sale of park motor vehicle entry permits. The current fee structure went into effect in January 2004. The annual park permit fee is \$24.00 for residents and \$29.00 for non-residents. An owner of a resident motor vehicle who is 65 years of age or older may be issued a special annual park permit for one-fourth the amount of the annual park permit. Daily park permit fees are \$6.00 for resident motor vehicles and \$8.00 for non-resident motor vehicles.

The fund may be expended for the improvement, operation, and maintenance of state parks and recreation areas.

Recreation Improvement Fund

This fund was established by 1994 PA 451, as amended, Part 711. The Recreation Improvement Fund became an account under Article IX, Sec. 40 of the Constitutional Conservation and Recreation Legacy Fund with the passage of Proposal 06-01 and Part 20 of 2004 PA 587. Revenue for this fund is derived from 2% of all state-imposed taxes collected on the sale of gasoline. The Legislature determined that 2% of gasoline sales in the state were for watercraft, off-road vehicles, and snowmobiles. Of the 2% designated by the Legislature, the Michigan State Waterways Fund receives not less than 80%, the Snowmobile Trail Improvement Fund receives not less than 14%, and the remaining balance, if any, is distributed to recreational projects, with emphasis on repairing ORV-related damages.

Snowmobile Registration Fee Revenue

This fund was established by 1994 PA 451, as amended, Part 821. The purpose of this Part is to provide for the registration and regulation of snowmobiles; snowmobile education and training programs; snowmobile trails, areas and facilities; expenditure of revenues; and to prescribe penalties. The Snowmobile Registration Fund became part of the Snowmobile Account under Article IX, Sec. 40 of the Constitutional Conservation and Recreation Legacy Fund with the passage of Proposal 06-01 and Part 20 of 2004 PA 587. Revenue is derived from the sale of snowmobile registration permits. The total cost of the registration permit is \$22.00. Of this, not less than \$5.00 is deposited into the Snowmobile Trail Improvement Fund, \$3.00 is retained by the Secretary of State, and the remaining \$14.00 is used for law enforcement, trail improvement, and the administration of Part 821.

Snowmobile Trail Improvement Fund

This fund was established by 1994 PA 451, as amended, Part 821. The Snowmobile Trail Improvement Fund became part of the Snowmobile Account under Article IX, Sec. 40 of the Constitutional Conservation and Recreation Legacy Fund with the passage of Proposal 06-01 and Part 20 of 2004 PA 587. Revenue for this fund is derived from snowmobile registration fees, snowmobile trail permit stickers, and the distribution of gasoline taxes from the Recreation Improvement Fund. Of the \$22.00 paid for each snowmobile registration fee, not less than \$5.00 is

deposited to this fund. Of the \$25.00 paid for each snowmobile trail sticker, \$24.00 is credited to the fund, and agents retain \$1.00. The Recreation Improvement Fund receives 2% of all state gasoline taxes; 14% of this amount is deposited to the fund. The fund is used for the improvement of snowmobile trails, administration, and other nonconflicting recreational purposes.

Waterways Fund

This fund was established by 1994 PA 451, as amended, Part 781. The Waterways Fund became part of the Waterways Account under Article IX, Sec. 40 of the Constitutional Conservation and Recreation Legacy Fund with the passage of Proposal 06-01 and Part 20 of 2004 PA 587. The fund is financed by watercraft registration fees and gasoline taxes. Prior to 1988, 25% of watercraft registration fees were deposited into this fund. In 1988, the amount was changed to 20% and has been 17.5% since January 1, 1989 (1994 PA 451, as amended, Part 801). Part 711 of 1994 PA 451, as amended, provides that 1.6% (80% of 2%) of all state-imposed taxes collected on the sale of gasoline shall be credited to the Waterways Fund, after deducting collection costs and refunds. These funds are directed primarily toward the construction, operation, and maintenance of recreational boating facilities, property acquisition, grants, and administration.

Note: All fund balances at the end of a fiscal year are carried over to the following year and do not revert to the General Fund.

Glossary of Commonly Used Budget Terms

Appropriation An authorization granted by the constitution or the legislature to make expenditures or to incur obligations for a specific purpose and time period.

Capital Outlay A disbursement of money which results in the acquisition of or addition to fixed assets, i.e., land acquisition, building and construction, addition, renovation.

Corpus Amounts designated by Constitution or statute for investment purposes. It is the capital amount of a fund, as distinguished from interest or income.

Encumbrance An amount of the available balance of an appropriation earmarked for paying anticipated or known obligations.

Executive Order Generally, a rule or regulation having the force of law promulgated directly by the Governor under her statutory authority. Executive Orders take effect unless the legislature takes action to disapprove them within a specified period of time. A tool used to reduce budget when revenues and appropriations are not aligned.

Expenditures Payments against appropriations that reduce the cash balance after legal requirements have been met.

Federal Funding Funds from any federal agency awarded in the form of an approved grant or cooperative agreement.

General Fund-General Purpose (GF-GP) Revenues that are collected in the main state operating fund (General Fund) and are not dedicated to a specific purpose by statute.

Lapse Termination of authority to expend all or part of an appropriation.

Legislative Transfer A transfer of funds between appropriations as enacted into law. The State Budget Director may not make this type of transfer until it is adopted by both the Senate and House appropriations committees.

Operating Budget A budget that applies to all expenditures other than capital outlay expenditures.

Payments in Lieu of Taxes As a unit of government, the Department is exempt from paying property taxes on land it manages, but is required by statute to make a payment as though it paid taxes on purchased lands, lands that have tax reverted to the Department, and lands held for commercial forest production.

Private Funding Funds from a non-government source, such as a corporation or individual.

Restricted Funds/Restricted Revenue Appropriated funding earmarked by law to finance some specific activity or group of related activities.

Revenue Income attributable to a designated fiscal accounting period that will affect the balance (surplus) or deficit resulting from the operations of that period.

Supplemental or Supplemental Appropriations An act appropriating funds in addition to those in an annual appropriation act.